



OFFICE IMPROVEMENTS COMMITTEE MEETING

Thursday, June 26, 2019 at 12:00 p.m.
Memorandum

Members Present: Members Carl Mills and Jeff Kimbell, Board President Marilyn Anderson. Others in Attendance: Utility Director Andrew Williams, Engineering Manager Wes Merkle, Controller Cindy Sheeks, and Administrative Assistant Maggie Crediford.

Mr. Pittman was absent.

Mr. Mills called the meeting to order at 12:05 p.m.

Public Comment

There was no one present from the public.

Office Improvement Options

Mr. Merkle presented updates to the Committee. Pennwood has verbally agreed to a longer lease term of seven years with two five-year renewal options. Staff is waiting for a formal response from the owner. The lease would be full service. CarmelTech has not been responsive. If leasing is the direction the Board would like to go, Mr. Merkle is comfortable with the option available at Pennwood.

At the last meeting, the Committee asked for budget estimates and architect proposals. Proposals for architectural and engineering design services were received from Blackline and CSO Architects. Blackline provided an updated and detailed cost estimate based on several recently bid projects and contractor input. Both architects suggested a budget of \$1.3 million for the building itself. Using the architect's estimate for the building addition and all building improvements, site work, furnishings and equipment, architecture and engineering design fees, and other work needed to successfully complete this project, a total project budget of \$1.9 million should be considered. However, staff recommends a total budget of \$2.25 million based on additional input from contractor Summit Construction. Leasing has the lowest up-front costs and uniting has the lowest long-term costs (chart attached).

Mr. Merkle said Mr. Callahan, the Clay Township Trustee, provided staff with an updated appraisal for the current administrative office space. Based on the Trustee's appraisal, TriCo's interest in the Government Center building is worth \$989,000. TriCo will also have the space appraised and the two appraisals will be averaged to reach a sales price for TriCo's interest in the Government Center.

Mr. Williams stated at the last Board Meeting he got the impression the Board is ready to move out of the Clay Township Government Center and now needs to decide between expanding the office at the plant or leasing an office space. Mr. Mills agreed.

Mr. Williams said he feels leasing would be a step towards unification of all staff at the plant in the future. Mr. Kimbell questioned the value of leasing if the goal is to end up with all employees at one location. Mr. Kimball pointed out there is work planned for at the plant already. He feels it could be cost effective to do plant expansion and office building work simultaneously. Mr. Merkle agreed, adding that any site work for the building project should be added to the plant expansion project because it includes all of the same trades.

Mr. Kimbell asked for the square footage being added at the plant to accommodate the administrative staff. Mr. Merkle said the addition would be roughly 3,000 square feet. Mr. Kimball said the proposed building budget cost per square foot seemed very high to him. Mr. Merkle said the proposed building budget includes a building addition, a conversion of existing shop space to office, a redo of the existing office, and modifications to the existing building including replacement of aging building systems such as the roof, windows and façade. Mr. Kimball still felt the costs seemed high.

Mr. Mills questioned moving the entire staff to the plant from a customer service standpoint. Mr. Mills is interested to see the final numbers on leasing at Pennwood. There was discussion about the pros and cons of keeping a customer service office in the general vicinity of the current office. Ms. Anderson asked staff to collect a count of customers that come in daily, excluding developers and contractors.

There was discussion on which parts of the proposed plan could be pulled out of the relocation costs because they are needed at the plant independent of staff relocation. Mr. Kimbell said that while he believes the proposed budget is high, he feels the proposed numbers are safe. It is currently an expensive market to build in, but he feels confident that what needs to be done should be easily covered by the proposed budget.

Mr. Kimbell asked what the next step would be if the committee is generally in favor of moving forward with unifying all staff at the plant. Mr. Williams and Mr. Merkle said the next steps would be as follows: Capital and Construction would need to recommend an architect; Budget and Finance would need to recommend revisions to the Capital Budget; Staff would move forward negotiating the sale of the current location. Site work would be added to the plant expansion project. Ms. Anderson asked for a breakdown of building project costs, including items that are needed at the plant regardless of the relocation.

Mr. Mills asked if the plant expansion project can run simultaneously with this project. Mr. Merkle said the projects could run simultaneously. Mr. Mills suggested if bonding is needed for the plant expansion that the building project and other projects be funded together. Mr. Merkle said plant expansion design should be done in July and staff will have an updated budget at that time. Staff will begin updating the capital budget next month. Mr. Mills suggested considering moving future plant expansion projects up and bonding more to take advantage of favorable interest rates.

Mr. Kimbell and Mr. Mills recommended moving forward with work to locate all staff at the plant.

The meeting adjourned at 12:52 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Wes Merkle', written in a cursive style.

Wes Merkle
Engineering Manager